

Message Text

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12

ORIGIN EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 STR-08 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01 AID-20

CIEP-02 SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03

FEA-02 OMB-01 SAM-01 /195 R

DRAFTED BY EB/TA :JWHOLMES :MAM

APPROVED BY EB/TA :JWHOLMES

EB/ITP - JCRENNER

EUR/RPE - AALBRECHT

STR - RBRUNGART

----- 075241

R 151607Z FEB 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

USMISSION GENEVA

C O N F I D E N T I A L STATE 031147

E.O. 11652 :N/A

SUBJ:DISCUSSION OF XXIV :6 WITH ITALIAN OFFICIAL

1. RENNER AND BRUNGART DISCUSSED 24:6 NEGOTIATIONS WITH
ITALIAN DG FOR FOREIGN TRADE FRACASSI ON FEBRUARY 12.

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2. MOST INTERESTING POINTS MADE BY FRACASSI WERE:

(A) HE THOUGHT, THAT IT WOULD BE POSSIBLE FOR EC TO ACCEPT PROPOSAL ON GRAINS MADE IN U.S. AIDE MEMOIRE OF JANUARY. HE SAID THERE HAD BEEN GENERAL AGREEMENT ON THIS AT 113 COMMITTEE MEETING OF FEBRUARY 4. (THIS, HOWEVER, WAS CONTRADICTED BY HANNAY IN TALK WITH MALMGREN AND RENNER ON FEBRUARY 13. HANNAY THOUGHT THAT BRINGING FRANCE AROUND TO ACCEPT U.S. PROPOSAL ON GRAINS WOULD BE A MAJOR HURDLE.) FRACASSI SAID FRANCE WAS OBVIOUSLY THE PROBLEM, SINCE ACCEPTING U.S. PROPOSAL WOULD VIOLATE FRANCE'S DOGMATIC POSITION THAT EC IS CREDITOR VIS-A-VIS U.S. IN 24:6 NEGOTIATIONS. FRACASSI FORESAW ACTUAL NEGOTIATION ON GRAINS TAKING PLACE IN THE MTNS.

(B) HE SAID HE HAD, ON PART OF ITALY, "GIVEN GREEN LIGHT" TO COMMISSION, IN PERSONS OF WELLENSTEIN AND HIJZEN, TO IMPROVE EC OFFER ON CITRUS, TOBACCO, KRAFT PAPER.

(C) HE INDICATED TO US, HOWEVER, THAT THE MEASURE OF IMPROVEMENT ITALY WAS WILLING TO ACCEPT WAS SMALL. WHILE HE INSISTED THAT IT WAS THE COMMISSION WHICH SHOULD DETERMINE THE EXACT OFFER, HE LET DROP SOME IDEA OF THE AMOUNT OF GIVE IN THE ITALIAN POSITION. ON CITRUS, PERHAPS AN ADDITIONAL MONTH ADDED IN THE SPRING TO THE SEASONAL CONCESSION. TOBACCO: REDUCTION IN CEILING ON TARIFF ON HIGH QUALITY TOBACCO FROM 70 TO 60 UNITS OF ACCOUNT PER 100 KG. KRAFT PAPER: A TARIFF QUOTA.

3. RENNER RESPONDED THAT FRACASSI'S REPORT REGARDING THE EUROPEAN ATTITUDE ON THE GRAINS PORTION OF THE NEGOTIATION WAS ENCOURAGING, SINCE TO DATE THE EC HAD SAID NOTHING TO US ABOUT ANY OFFER ON GRAINS. AS FOR THE ITALIAN MOVEMENT ON CITRUS, TOBACCO, AND PAPER, RENNER STRESSED THAT WE WANTED SUBSTANTIALLY GREATER CONCESSIONS THAN THE ITALIANS SEEMED TO BE THINKING OF. RUSH

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